

PROPOSED AMENDMENT

HB 1335 # 2

DIGEST

Community benefits. Delays the effective date until July 1, 2027, of sections concerning preceptors as part of a hospital's community benefits plan. Adds language modifying the definition of "community benefits".

- 1 Replace the effective dates in SECTIONS 1 through 5 with
2 "[EFFECTIVE JULY 1, 2027]".
3 Page 1, between lines 13 and 14, begin a new paragraph and insert:
4 "SECTION 4. IC 16-21-9-1 IS AMENDED TO READ AS
5 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. **(a)** As used in this
6 chapter, "community benefits" means the unreimbursed cost to a
7 hospital of providing **the following:**
8 **(1)** Charity care.
9 **(2)** Government sponsored indigent health care, ~~donations,~~
10 ~~education, government sponsored program services, and~~ research.
11 ~~and subsidized health services.~~
12 **(3)** **Subsidized clinical services provided despite a net financial**
13 **loss if not providing the services would result in the loss of**
14 **community access to the services.**
15 **(4)** **Services and activities that address needs identified in the**
16 **nonprofit hospital's community health needs assessment.**
17 **(b)** The term does not include **any of the following:**
18 **(1)** The cost to the hospital of paying any taxes or other
19 governmental assessments.
20 **(2)** **Bad debt.**
21 **(3)** **Contractual allowances and discounts negotiated with**
22 **third party payors.**
23 **(4)** **Payment disruptions unrelated to hospital policy.**
24 **(5)** **Staff education required for licensure or certification.**
25 **(6)** **Activities with a primary purpose of marketing, lobbying,**
26 **fundraising, or routine operations.**
27 SECTION 5. IC 16-21-9-1.5 IS ADDED TO THE INDIANA CODE

1 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
2 1, 2026]: **Sec. 1.5. As used in this chapter, "community health needs
3 assessment" refers to a nonprofit hospital's most recent assessment
4 that meets the requirements set forth in 26 U.S.C. 501(r)(3)."**

5 Page 1, line 17, delete "provides" and insert "**is authorized to
6 provide**".

7 Page 2, line 1, delete "students" and insert "**trainees**".

8 Page 2, delete lines 21 through 25, begin a new line double block
9 indented and insert:

10 **"(C) describes the use of preceptors and any costs and
11 expenditures incurred by the nonprofit hospital for
12 maintaining preceptors as set forth in subsection (b)."**

13 Page 2, line 27, delete "sixty percent (60%)" and insert "**forty
14 percent (40%)**".

15 Page 2, line 36, delete "preceptor activities" and insert "**net costs
16 and expenditures associated with maintaining preceptors under
17 subsection (b)**".

18 Page 2, line 38, after "Qualifying" insert "**costs and**".

19 Page 2, line 40, delete "." and insert "**, including employment
20 related benefits.**".

21 Page 2, line 41, delete "." and insert "**and scholarships.**".

22 Page 3, line 2, delete "." and insert "**, including indirect costs and
23 facility costs.**

24 **A hospital must subtract any revenue specifically received when
25 maintaining preceptors in reporting the net costs or expenditures."**

26 Page 3, delete lines 11 through 42, begin a new paragraph and
27 insert:

28 **"(e) A hospital shall verify compliance with the preceptor
29 requirements of this section in the report required by section 7 of
30 this chapter. The verification must include the following
31 information concerning net costs and expenditures associated with
32 maintaining preceptors under subsection (b):**

33 **(1) The number of clinical departments.**

34 **(2) A list of departments meeting the preceptor requirement.**

35 **(3) Costs and expenditures associated with maintaining
36 preceptors as set forth in this section.**

37 SECTION 8. IC 16-21-9-7, AS AMENDED BY P.L.6-2012,
38 SECTION 115, IS AMENDED TO READ AS FOLLOWS
39 [EFFECTIVE JULY 1, 2026]: Sec. 7. (a) Each nonprofit hospital shall
40 prepare an annual report of the community benefits plan. The report

1 must include, in addition to the community benefits plan itself, the
 2 following background information:

- 3 (1) The hospital's mission statement.
 4 (2) A disclosure of the health care needs of the community that
 5 were considered in developing the hospital's community benefits
 6 plan.
 7 (3) A disclosure of the amount and types of community benefits
 8 actually provided, including charity care. Charity care must be
 9 reported as a separate item from other community benefits.

10 **(4) The following information concerning the hospital's
 11 charity care program:**

- 12 **(A) The eligibility criteria.**
 13 **(B) The number of program applications received by the
 14 hospital in the previous calendar year.**
 15 **(C) The number of approvals and denials of the
 16 applications received, as described in clause (B).**

17 **(5) Each government sponsored indigent health care program
 18 that the hospital participated in during the previous calendar
 19 year and the net cost of the program to the hospital. Net costs
 20 must account for any supplemental payments made to the
 21 hospital under the program, including those provided under
 22 IC 12-15-16.**

23 **(6) A list of each clinical service provided at a subsidized cost
 24 by the hospital and the net cost to the hospital for the
 25 subsidized clinical service.**

26 **(7) A list of each service provided, and any activity invested
 27 in, to address any need identified in the community health
 28 needs assessment, and the following information for each
 29 service or activity listed:**

- 30 **(A) The net cost of each item.**
 31 **(B) The need in the community health needs assessment
 32 that each item addresses.**
 33 **(C) The estimated impact of the item on addressing the
 34 identified need.**

35 **(8) An estimate of the value of the:**

- 36 **(A) sales tax exemption under IC 6-2.5-5; and**
 37 **(B) property tax exemption under IC 6-1.1-10;**

38 **for the hospital.**

39 **(9) Any net revenue derived from the hospital's participation
 40 in the federal 340B Drug Pricing Program under 42 U.S.C.**

1 **256b(a)(4).**

2 (b) **Before October 1 of each year**, each nonprofit hospital shall
 3 annually file ~~a the report of the community benefits plan described in~~
 4 **subsection (a)** with the state department. ~~For a hospital's fiscal year~~
 5 ~~that ends before July 1, 2011, the report must be filed not later than one~~
 6 ~~hundred twenty (120) days after the close of the hospital's fiscal year.~~
 7 ~~For a hospital's fiscal year that ends after June 30, 2011, the report~~
 8 ~~must be filed at the same time the nonprofit hospital files its annual~~
 9 ~~return described under Section 6033 of the Internal Revenue Code that~~
 10 ~~is timely filed under Section 6072(e) of the Internal Revenue Code;~~
 11 ~~including any applicable extension authorized under Section 6081 of~~
 12 ~~the Internal Revenue Code. **The nonprofit hospital shall post the**~~
 13 ~~**report on the nonprofit hospital's website.**~~

14 (c) Each nonprofit hospital shall prepare a statement that notifies the
 15 public that the annual report of the community benefits plan is:

- 16 (1) public information;
 17 (2) filed with the state department; and
 18 (3) available to the public on **the nonprofit hospital's website**
 19 **and by** request from the state department.

20 This statement shall be posted in prominent places throughout the
 21 hospital, including the emergency room waiting area and the
 22 admissions office waiting area. The statement shall also be printed in
 23 the hospital patient guide or other material that provides the patient
 24 with information about the admissions criteria of the hospital.

25 (d) Each nonprofit hospital shall develop a written notice about any
 26 charity care program operated by the hospital and how to apply for
 27 charity care. The notice must be in appropriate languages if possible.
 28 The notice must also be conspicuously posted in the following areas:

- 29 (1) The general waiting area.
 30 (2) The waiting area for emergency services.
 31 (3) The business office.
 32 (4) Any other area that the hospital considers an appropriate area
 33 in which to provide notice of a charity care program.

34 **(e) The state department shall post a report submitted under**
 35 **this section on the state department's website.**

36 SECTION 9. IC 16-21-9-8 IS AMENDED TO READ AS
 37 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 8. **(a)** The state
 38 department may assess a civil penalty against a nonprofit hospital that
 39 fails to make a report of the community benefits plan as required under
 40 this chapter. The penalty may not exceed ~~one~~ **ten** thousand dollars

1 ~~(\$1,000)~~ **(\$10,000)** for each day a report is delinquent after the date on
2 which the report is due. ~~No penalty may be assessed against a hospital~~
3 ~~under this section until thirty (30) business days have elapsed after~~
4 ~~written notification to the hospital of its failure to file a report.~~

5 **(b) The penalty collected under this section shall be deposited in**
6 **the local public health fund established by IC 16-46-10-1."**

7 Delete pages 4 through 6.

8 Re-number all SECTIONS consecutively.

(Reference is to HB 1335 as printed January 20, 2026.)